

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-11 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04

SS-15 NSC-05 OIC-02 ARA-06 AF-06 /114 W

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R 051410Z FEB 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 0480

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E.O. 11652: N/A

TAGS: EGEN, OECD

SUBJECT: CIEC BUDGET

REF: STATE 21406

1. DRAFT CIEC BUDGET RECEIVED GENERAL ENDORSEMENT DURING JAN. 30 G-8 CAUCUS BY ALL DELEGATIONS EXCEPT JAPANESE WHO HAD FIRM INSTRUCTIONS TO PUSH FOR REDUCTION OF TOTAL AMOUNT. US TOOK LEAD IN SEEKING DETAILED EXPLANATIONS OF BUDGETARY FIGURES. IN PARTICULAR, JOINED BY SEVERAL OTHER DELS, WE EXPRESSED MISGIVINGS OVER LEVEL OF PROJECTED EXPENDITURES FOR TRAVEL (ARTICLE 20) REPRESENTATION (ARTICLE 40 AND TRANSPORT (ARTICLE 31). CHAIRMAN (MACLEAN) AGREED THAT FIGURES FOR REPRESENTATION AND TRANSPORT, WHICH WERE BASED ON PROVIDING FOR THE MINISTERIAL AND HIGH-LEVEL MEETINGS THE SAME LEVEL OF SERVICES AND "HOSPITALITY" AS WAS PROVIDED BY THE FRENCH TO PREVIOUS CIEC MEETINGS' MIGHT BE EXCESSIVE BUT WAS RELUCTANT TO SEE THESE ISSUES RAISED AT FINANCE AND ADMINISTRATION COMMITTEE (FAC) BECAUSE POSSIBLE G-19 "SENSITIVITY" ON THESE MATTERS MIGHT LEAD TO A DIFFICULT MEETING AND POSSIBLY NECESSITATE A SECOND FAC MEETING TO APPROVE THE LIMITED OFFICIAL USE

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BUDGET. MACLEAN CONFIRMED THAT BULK OF TRAVEL PROVISION

WAS INTENDED TO COVER TRAVEL COSTS OF SECRETARIAT STAFF MOVING TO PARIS BUT SAW SOME POSSIBILITY OF OTHER OFFICIAL TRAVEL BY SECRETARIAT OFFICIALS (E.G., IT MIGHT BE NECESSARY FOR GUITTON TO GO TO OTTAWA AND CARACAS FOR CONSULTATIONS WITH CO-CHAIRMEN ON PREPARATION FOR MINISTRIAL). MACLEAN AFFIRMED THAT HE WOULD WORK CLOSELY WITH GUITTON AND VENEZUELANAS TO SEE THAT ACTUAL EXPENDITURES UNDER THESE ITEMS ARE HELD TO A MINIMUM. GENERAL CONSENSUS OF G-8 WAS TO GO ALONG WITH HIS PLEA NOT TO RAISE THESE ISSUES IN PLENARY FAC.

2. US ALSO RAISED PROVISION FOR AUDITORS AND BUDGET PAYMENTS SCHEDULE AT G-8 MEETING. MACLEAN SAID FAILURE TO PROVIDE FOR AUDITOR IN BUDGET WAS OVERSIGHT AND PROMISED TO MAKE PROPOSAL IN THIS REGARD AT FEB. 2 FAC MEETING FOLLOWING CONSULTATION WITH GUITTON AND VENEZUELANAS. HE ALSO AGREED TO PROPOSE A QUARTERLY CONTRIBUTION SCHEDULE.

3. AS EC WITHDREW ITS RESERVATION, G-8 MEETING FORMALLY APPROVED DC CONTRIBUTION SCALE BASED ON MIX OF GNP AND PARTICIPATION IN COMMISSIONS WITH 25 PERCENT CEILING FOR US AND EC.

4. AGAINST THIS BACKGROUND, FEB. 2 FAC MEETING PROCEEDED QUICKLY AND SMOOTHLY, WITH QUESTIONS RAISED ONLY BY JAPANESE REP. NO G-19 DELEGATION RAISED QUESTIONS REGARDING BUDGET. IN ORDER TO SATISFY JAPANESE DEL'S NEED TO SHOW SOME CUT IN TOTAL BUDGET FIGURE, ARTICLE 42 (CONTINGENCY FUND) WAS REDUCED BY FRANCS 100,000. TOTAL FIGURE WILL THEREFORE BE FRANCS 19,801,000. MACLEAN, WHO CHAIRED ENTIRE MEETING WHICH LASTED ONLY THROUGH THE MORNING, REITERATED THE TWO CO-CHAIRMEN'S INTENTION TO HOLD ACTUAL EXPENDITURES UNDER THE BUDGET TO A MINIMUM. SINCE SOME

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DELS WERE NOT IN POSITION FORMALLY TO COMMIT THEIR GOVERNMENTS' FUNDS, AGREEMENT WAS MADE AD REFERENDUM UNTIL FEB. 9. IT WILL BE CONSIDERED FORMALLY APPROVED IF NO GOVERNMENT OBJECTS BY THAT DATE.

5. FAC ENDORSED MACLEAN'S PROPOSAL THAT THE CO-CHAIRMEN EACH APPOINT AN AUDITOR TO VERIFY ACCOUNTS. CANADIANS ARE NOW, HOWEVER, INCLINED TO ACCEPT SUBSEQUENT VENEZUELAN SUGGESTION THAT IT WOULD BE SUFFICIENT FOR THE TWO TO ENGAGE A SINGLE REPUTABLE ACCOUNTING FIRM FOR THIS PURPOSE. MACLEAN INDICATED THAT GUITTON WOULD MAKE QUARTERLY REPORTS BY LETTER ON STATE OF BUDGET IMPLEMENTATION. FAC AGREED TO QUARTERLY CONTRIBUTION SCHEDULE WITH CAVEAT (ENTERED BY GUITTON) THAT FIRST CONTRIBUTIONS SHOULD BE GREATER THAN 25 PERCENT TO ENABLE CONFERENCE TO REPAY FRENCH ADVANCE AND PROVIDE FOR FORWARD FINANCING OF ACTIVITIES. GUITTON WILL SHORTLY ISSUE LETTER CLEARED BY CO-CHAIRMEN SPELLING OUT CONTRIBUTION SCHEDULE IN DETAIL. CANADIANS INFORM US THAT HE IS EXPECTED TO REQUEST AN INITIAL CONTRIBUTION OF 50 PERCENT FOLLOWED BY TWO 25 PERCENT CONTRIBUTIONS IN SECOND HALF OF YEAR. IT WAS LIMITED OFFICIAL USE

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AGREED THAT ALL CONTRIBUTIONS WILL BE IN FRENCH FRANCS.

6. MACLEAN EXPRESSED VIEW SEVERAL TIMES DURING G-8 MEETING THAT THIS SHOULD BE ONLY TIME FAC WOULD MEET. HE PROPOSED THAT DISCRETION RE FURTHER MEETINGS BE VESTED IN THE CO-CHAIRMEN. THIS PROPOSITION WAS APPROVED BY G-8, AND MACLEAN'S SUBSEQUENT SUGGESTION TO FAC ENCOUNTERED NO OPPOSITION. MORE GENERALLY, MACLEAN SOUGHT TO MOVE LOCUS OF DECISION-MAKING AWAY FROM FAC, AND ASKED THAT IMPLEMENTATION OF BUDGET AND ACTUAL ADMINISTRATION OF SECRETARIAT BE LEFT IN HANDS OF THE TWO CO-CHAIRMEN ACTING THROUGH GUITTON. THESE PROPOSITIONS RECEIVED POSITIVE G-8 CONSENSUS SUPPORT AND AT FAC NO DELEGATION

CONTESTED THEM.
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